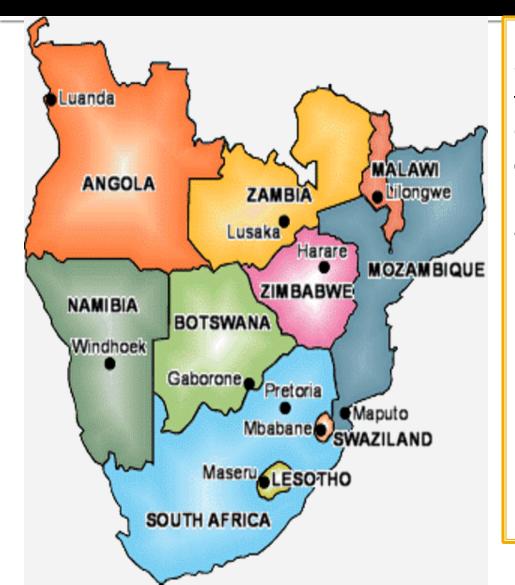
DOING BUSINESS IN SOUTHERN AFRICA

Sabina Zunguze CEO, A Gift To Africa

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THE REGION



- Countries of Southern Africa belong to Southern African Development Community (SADC) with main goals of establishing common political interests and support greater trade and investment flows between members
 - •Established in 1992 with 14 member states
 - •Headquartered in Gaborone, Botswana
 - The SADC Free Trade Area (FTA) is key to achieving these goals

IMPORTANT RESOURCES

- http://www.sadc.int/ Official website
- www.sadctrade.org trade database
- http://capetocongo.com/wpcontent/uploads/2011/09/DB11-Southern-African-Development-Community.pdf
 - doing business with SADC

The Region

- Population: 248 million DRC, SA, Tan, Moz
 - 2/3 Rural, most countries slightly more female
- Per capita income up by 12% from 2009-2010 (Average US\$3,456 in 2010)
 - SA, Bot, Mau, Sey > US\$7,000
 - Ang, Les, Nam, Swaz and Zam > US\$1,000
- Unemployment 21% (Unreliable data)
- Most countries are commodity based and depend on SA imports – need for value addition and diversification
- A regional market worth US\$360 billion and includes economies growing by up to 7% a year.

TRADE

 SADC Exports – 42% EU, 17% USA, 10% other SADC.

- Largely primary products crude oil, mineral ores, sugar, cotton and unprocessed foods
- Stiff competition from middle income countries, who now have same preferential status.

INTRA SADC TRADE GOALS

FROM COORDINATION TO INTEGRATION

- ESTABLISH FREE TRADE AREA:
 - Harmonizing Customs procedures and customs classifications, introducing a single, standardized document for customs clearance throughout the region;
 - "one stop" border posts, enabling transshipment easier by enabling a single bond to be used when transporting goods across several borders with the Community.

DOING BUSINESS in SADC

- Ease of doing business
 - Top five are Mauritius, SA, Botswana Namibia and Zambia. Worst being DRC, Angola and Zimbabwe
- Starting a business (time, cost, procedures)
 - Above average are Mauritius, Madagascar, South Africa, Zambia, Lesotho, Angola
 - Average of 8 procedures and 43 days long)
- Dealing with Construction Permits
 - Includes legal permits, cost and procedures
 - Best procedures Mauritius, Worst are Botswana and Tanzania
 - Cost Best are SA and Mauritius and worst are Zimbabwe,
 Tanzania and DRC
 - Time taken to approve Mauritius, Swazi and DRC and worst are Zimbabwe

DOING BUSINESS IN SADC

- Protecting Investors (SADC ranks 5.4 on a scale of 1-10)
 - Includes the extent of disclosure, extent of director liability and ease of shareholder suits
 - Best are SA, Mauritius, Botswana and worst DRC, Lesotho, Zimbabwe
- Paying Taxes
 - Includes total number of taxes (1), time required to prepare (2), total tax rate (% of profit)(3).
 - Best (1)

 Mauritius, Seychelles, Botswana, SA and worst –
 Zimbabwe, Tanzania, Zambia
 - Best (2) Seychelles, Swaziland, Zambia and worst Namibia, DRC, Lesotho
 - Best (3)- Namibia, Zambia, Botswana and worst DRC

DOING BUSINESS

- Trading Across Borders (SADC ranks one of the worst regions in Africa)
 - Includes Documents, Time and Costs required to export and import
 - Documents worst Malawi, Malawi and Angola
 - Time to process Worst Zimbabwe, Angola, Zambia
 - Costs Worst DRC and Zimbabwe

Summary of changes to business regulation in SADC in Doing Business in 2011

- Angola reduced the time for trading across borders by making investments in port infrastructure and administration
- DRC eased business start-up by eliminating procedures
- Madagascar continued to reduce corporate tax rates
- Malawi eased property transfers by cutting the wait for consents and registration of legal instruments by half

Summary of changes to SADC business regulation in Doing Business in 2011

- Mauritius introduced a new corporate social responsibility tax
- Mozambique eased business start-up by introducing a simplified licensing process.
- The Seychelles removed the tax-free threshold limit and lowered corporate income tax rates
- Swaziland strengthened investor protections
- Zambia eased business start-up by eliminating the minimum capital requirement
- Zimbabwe eased business start-up by reducing registration fees and speeding up the name search process and company and tax registration

OTHER PERSONAL AND BUSINESS CONSIDERATIONS

- Security Political, Legal Issues, Personal Safety
- Negotiation Skills Cultural hierarchy (men and women), command respect
- Cultural Factors respect and appreciate nuances in different countries & within countries
- Relationship Management Time looked at differently, physical presence, Trust

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OTHER RESOURCES

- EMBASSIES LOCAL AND INTERNATIONAL
- ONLINE FORUMS LINKED IN, REGIONAL CHAMBERS OF COMMERCE

- WTA RESOURCES, TRADE MISSIONS
- FEDERAL RESOURCES, etc..